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Federal Budget 2014

On February 11, 2014, the Minister of Finance tabled Federal Budget 2014 (the budget), which proposed amendments to the *Excise Tax Act* and the *Excise Act, 2001*. These included measures relating to the GST/HST and changes to excise duty rates on tobacco products. The budget also confirmed the Government’s intentions to proceed with certain previously announced measures.

Legislation to implement certain of these measures, Bill C-31, *An Act to implement certain provisions of the budget and other measures*, received Second Reading in the House of Commons on April 8, 2014.

Online services built for businesses: Submit online account-related enquiries; view account information, endorsements, notices, statements and responses to your enquiries submitted online; adjust a GST/HST return; and do other online transactions, go to: www.cra.gc.ca/representatives, if you are an authorized representative or employee; or www.cra.gc.ca/mybusinessaccount, if you are the business owner.

GST/HST NETFILE: Faster processing and refunds, immediate confirmation of receipt, and no postal costs. Go to www.cra.gc.ca/gsthst-netfile or through www.cra.gc.ca/representatives, if you are an authorized representative or employee; or www.cra.gc.ca/mybusinessaccount, if you are the business owner.

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Canada Revenue
Agency

Agence du revenu
du Canada

Canada

GST/HST

Registration

In an effort to strengthen GST/HST compliance and assist the CRA in combating the underground economy, the budget proposed that the Minister of National Revenue be given the discretionary authority to register and assign a GST/HST registration number where a person fails to comply with the requirement to register, even after having been notified of the requirement to register by the CRA.

The CRA will continue to first contact non-compliant businesses to have them register as required. Only if those attempts are unsuccessful will the CRA issue a formal notification indicating that the person will be registered for GST/HST purposes effective 60 days from the date of the notice.

Generally, a business that makes over \$30,000 in taxable supplies annually is required to register for GST/HST purposes and, whether or not actually registered, to collect and remit the GST/HST on its taxable supplies. The proposed legislative amendment will not relieve the business of any tax liability that arose under the *Excise Tax Act* prior to being registered by the Minister.

This measure will apply on Royal Assent.

Health measures

Currently supplies of most health care services are exempt from the GST/HST while supplies of many medical and assistive devices are generally zero-rated (taxed at the rate of 0%). The budget proposed to expand the exempting provisions for health care services and the zero-rating provisions for medical and assistive devices that are specially designed to assist an individual in coping with a chronic disease or illness or a physical disability.

Designing training for individuals with a disorder or disability

Currently a GST/HST exemption is provided for a training service that is specially designed to assist an individual with a disorder or disability in coping with the effects of the disorder or disability or to alleviate or eliminate those effects. In many instances, an individualized training plan is prepared that sets the specific needs and training objectives for the individual. The current GST/HST exemption for these specialized training services does not cover the services of designing such a training plan.

The budget proposed to expand the exemption for training that is specially designed to assist an individual with a disorder or disability to also exempt the services of designing such training. The exemption would apply to the initial development and design of the plan and any subsequent adjustments.

The service of designing such training would be exempt if the training is to be given to a particular individual with a disorder or disability or to another individual who provides personal care or supervision to the particular individual otherwise than in a professional capacity and:

- the service of designing the training is supplied by a government or the cost of the design service is fully or partially subsidized under a government program; or
- in the course of a professional-client relationship with the particular individual, a recognized health care professional whose services are GST/HST exempt has certified in writing that the service of designing the training will be for training that is an appropriate means to assist the particular individual in coping with the effects of the disorder or disability or to alleviate or eliminate those effects.

This proposed measure will apply to supplies made after February 11, 2014.

Acupuncturists' and naturopathic services

Currently, most professional services supplied by licensed or otherwise certified physicians, nurses and certain other health care practitioners are exempt from the GST/HST. The list of health care practitioners whose services are exempt is set out in the GST/HST legislation. *Excise and GST/HST News* No. 68 identifies many of the exempt services provided by health care practitioners and it also provides examples of therapists and other health care workers whose services are subject to the GST/HST.

Effective for supplies made after February 11, 2014, the budget proposed to expand the list of exempt health care services to include acupuncture and naturopathic services rendered to an individual by a practitioner of the service. Accordingly, a corresponding amendment is proposed to expand the list of health care practitioners to include persons who practise the profession of acupuncture and persons who practise the profession of naturopathy as naturopathic doctors and who are licensed or otherwise certified to practise that profession in the province in which the service is supplied. If no license or certification is required in the province where the service is supplied, then the practitioner must have the qualifications equivalent to those necessary to be licensed or certified in another province.

Eyewear specially designed to electronically enhance the vision of individuals with vision impairment

Medical and assistive devices that are zero-rated are listed in the GST/HST legislation and the list includes corrective eyeglasses and contact lenses sold on the written order of a person authorized under provincial law to issue such an order.

Recent advances in electronic technology have allowed for the development of corrective eyewear that is specially designed to electronically enhance the vision of individuals with vision impairment, such as macular degeneration. This new electronic eyewear is not eyeglasses or contact lenses and therefore does not currently qualify under the existing zero-rating provision for corrective eyeglasses or contact lenses, although it serves the same purpose of correcting a defect of vision.

Effective for supplies made after February 11, 2014, the budget proposed to zero-rate the supply of eyewear specially designed to treat or correct a defect of vision by electronic means, if supplied on the written order of a physician or optometrist for use by the person named in the order.

GST/HST election for closely related persons

The budget proposed amendments to section 156 of the *Excise Tax Act*. Currently section 156 provides for an election (or revocation of an election) permitting corporations resident in Canada and Canadian partnerships that are registrants engaged exclusively in commercial activities and that are members of the same qualifying group to jointly elect to treat certain taxable supplies between them, while the election is in effect, as having been made for no consideration. A new member of such a group that has no property and that has not made any taxable supplies may not be eligible to make an election as early as their initial acquisition of property.

A person that is a specified member of a "qualifying group" may jointly elect with another specified member of the group to treat certain taxable supplies made between them, while the election is in effect, as having been made for no consideration. A specified member of a qualifying group is defined to mean a "qualifying member" of the group or a "temporary member" of the group.

Effective January 1, 2015, proposed amendments to paragraph (c) of the definition of "qualifying member" will exclude property of nominal value from the property that can be considered for the purposes of determining if a registrant meets the property conditions of the paragraph. This would be in addition to the current exclusion of financial instruments.

Effective the same date, the proposed changes will also extend the eligibility criteria set out in paragraph (c) of the phrase "qualifying member" to include situations where the registrant has no property (other than financial instruments and property of nominal value) and has not made taxable supplies and where it is reasonable to expect that:

- (a) the registrant will be making supplies throughout the next twelve months;
- (b) all or substantially all of these supplies will be taxable supplies; and
- (c) all or substantially all of the property (other than financial instruments and property of nominal value) to be manufactured, produced, acquired or imported by the registrant within the next twelve months will be for consumption, use or supply exclusively in the course of its commercial activities.

The election or revocation, as the case may be, is currently not required to be filed with the CRA. Under the proposed changes, effective January 1, 2015, parties to a new election or revocation will be required to file Form RC4616, (replacing Form GST25, *Closely Related Corporations and Canadian Partnerships - Election or Revocation of the Election to Treat Certain Taxable Supplies as Having Been Made for Nil Consideration*) with the CRA. Generally, the election or revocation will have to be filed by the earliest date on which any of the parties is required to file a return for the period that includes the day on which the election or revocation becomes effective.

Parties to an existing election with an effective date before January 1, 2015 that is still in effect on January 1, 2015, will also be required to file Form RC4616 to treat certain supplies made between them after 2014 as having been deemed to be made for nil consideration. Form RC4616 will be required to be filed after 2014 and before January 1, 2016.

Where persons are parties to an existing election with an effective date before January 1, 2015 that is still in effect on January 1, 2015 and they wish to revoke that election effective before 2016, the revocation form will be required to be filed after 2014 and before January 1, 2016.

It is also proposed that parties to an election be jointly and severally, or solidarily, liable with respect to GST/HST liability that may arise in relation to supplies made between them on or after January 1, 2015. This also applies to persons that conduct themselves as if an election were in effect.

Example 1:

Corporation X and Corporation Y are specified members of the same qualifying group and they make an election under subsection 156(2) to deem certain taxable supplies made between them as having been made for no consideration effective January 1, 2015. They did not have an election in effect under subsection 156(2) before 2015. Where Corporation X has a quarterly reporting period based on calendar quarters and Corporation Y is an annual filer on a calendar year basis, the earliest date on which either of the parties is required to file a return for the period that includes the day on which the election becomes effective is April 30, 2015; the due date of the return for Corporation X. The election form must be filed on or before April 30, 2015.

Example 2:

The same Corporation X and Corporation Y in Example 1 wish to revoke their election effective February 1, 2016. Where Corporation X has a quarterly reporting period based on calendar quarters and Corporation Y is an annual filer on a calendar year basis, the earliest date on which either of the parties is required to file a return for the period that includes the day on which the revocation becomes effective is April 30, 2016; the due date of the return for Corporation X. The revocation form must be filed on or before April 30, 2016.

Example 3:

Corporation A and Corporation B are specified members of the same qualifying group and they have an existing election under subsection 156(2) in effect before 2015. Even though Corporation A and Corporation B have an existing election still in effect on January 1, 2015, they will, nevertheless, be required to file a new election form for supplies made after 2014; the new election form will have to be filed after 2014 and before January 1, 2016.

Example 4:

Canadian Partnership I and Canadian Partnership II are specified members of the same qualifying group and they have an existing election under subsection 156(2) in effect before 2015. They want to revoke the election effective August 30, 2015. Since Canadian Partnership I and Canadian Partnership II are revoking an election that was still in effect on January 1, 2015, the revocation form will have to be filed after 2014 and before January 1, 2016.

Joint ventures

Currently, participants in joint ventures for certain activities can make an election (a joint venture election) that simplifies the GST/HST accounting obligations in respect of their joint venture activities. The election permits participants in certain joint ventures to elect to have one participant in the joint venture be responsible for all the GST/HST accounting for eligible activities of the joint venture.

The budget announced the government's intention to release draft legislation which would make the joint venture election available to participants in additional joint ventures by allowing the participants to make the joint venture election as long as the activities of the joint venture are exclusively commercial and the participants are engaged exclusively in commercial activities. The draft legislation will be released this year and stakeholders will be invited to provide their views.

Previously announced measures – GST/HST

The budget confirmed the Government's intention to proceed with the following previously announced tax measures relating to GST/HST legislation:

- legislative proposals to require that international electronic funds transfers of \$10,000 or more be reported to the CRA;
- legislative proposals to clarify GST/HST rules to prevent input tax credit claims that exceed tax actually paid; and
- legislative proposals relating to the provision of a GST/HST exemption for hospital parking for patients and visitors.

Reporting international electronic funds transfers to the CRA

On January 9, 2014, the Government released draft legislative proposals to the *Income Tax Act*, the *Excise Tax Act*, the *Excise Act, 2001* and the *Air Travellers Security Charge Act* that would strengthen the capacity of the CRA to combat international tax evasion and to address international aggressive tax avoidance.

It is proposed that certain financial intermediaries, including banks, be required to report to the CRA international electronic funds transfers of \$10,000 or more. Reporting will be required beginning in 2015.

For more information, see the Department of Finance News Release 2014-002.

Input tax credit claims that exceed tax paid

On January 17, 2014, the Minister of Finance released proposed amendments to the *Excise Tax Act* that reaffirm the policy that a person cannot claim input tax credits (ITCs) in respect of an amount of GST/HST that has already been recovered by the person from a supplier.

Under the Act, registrants can generally claim ITCs to recover any GST/HST that they pay to acquire property or services for use in their commercial activities. However, in a recent decision by the Tax Court of Canada, a business was allowed to claim ITCs in respect of amounts of GST/HST that the business had already recovered from suppliers through credit notes and debit notes.

The proposed amendments also clarify that certain importers are not allowed to recover an amount of GST/HST if another person could also recover the same amount.

The proposed amendments will generally apply as of the day the provisions being amended originally came into force. However, the proposed amendments will not affect any case that has already been decided by the courts.

For more information, see the Department of Finance News Release 2014-006.

GST/HST exemption for hospital parking

On January 24, 2014, the Minister of Finance announced proposed amendments to the *Excise Tax Act* that would provide an exemption from the GST/HST in respect of supplies of parking spaces that are reserved for, or are primarily for the use of, certain individuals (e.g., patients and visitors) accessing a public hospital. The exemptions would apply to supplies of hospital parking when made by a charity or other public sector body in certain circumstances where the supply is made by way of lease, licence or similar arrangement and the following three conditions are satisfied:

- The parking must be supplied by the charity or public sector body in one of the following circumstances:
 - all of the parking spaces in the specified parking area must be reserved for use by individuals who are accessing a public hospital; or
 - it is reasonable to expect, at the time the supply of the parking space is made, that the specified parking area will be used, during the calendar year, primarily (more than 50%) by individuals who are accessing a public hospital;
- The parking **must not** be supplied by the charity or other public sector body in circumstances where any of the following conditions are met:
 - all or substantially all (90% or more) of the parking spaces in the specified parking area are reserved for use by individuals accessing the public hospital in a professional capacity;
 - either the supply of the parking space, or the amount charged for the supply, is conditional on the parking space being used by a person who is accessing the hospital in a professional capacity; and
 - the parking space is supplied under an agreement that is entered into in advance, the parking space is available for a total period of time that is more than 24 hours, and the parking space is for use by a person accessing the public hospital in a professional capacity; and
- An election under section 211 of the Act must not be in effect for the real property on which the parking space is situated.

If the supply of the parking is made by a charity in the circumstances described, the exemption would apply to supplies made after March 21, 2013. If the supply of the parking is made by another public sector body in the circumstances described, the exemption would apply to supplies made after January 24, 2014.

The legislative proposals also include amendments to implement measures previously announced. The proposals clarify that the supply of a parking space made by a charity is generally not exempt from the GST/HST where the parking spaces at a property can reasonably be expected to be used primarily by individuals accessing a facility operated by a municipality, hospital, university, public college or school and the charity is affiliated with such a person. Nonetheless, the supply of a parking space made by a charity at a public hospital would be exempt where the conditions above are met.

A special transitional relieving measure would apply to an exempt supply of a parking space described above where the charity made the supply after March 21, 2013 and on or before January 24, 2014. The transitional deeming rule would relieve the charity from the obligation to remit an amount collected as or on account of GST/HST in respect of such a supply or, if an amount has been remitted and the return assessed, the charity would be allowed to request in writing, within one year after the enactment of the legislative proposals, that the Minister assess, reassess or make an additional assessment of net tax to take into account the transitional deeming rule.

For more information, see the Department of Finance News Release 2014-009.

Excise

Tobacco taxation

The budget proposed amendments to the *Excise Act, 2001* to increase excise duty rates on domestic and imported tobacco products effective February 12, 2014.

Rate increase on tobacco products

Excise duty rates have increased for the following products:

- cigarettes;
- tobacco sticks;
- manufactured tobacco other than cigarettes and tobacco sticks; and
- cigars.

As well, the preferential excise duty treatment on tobacco products (e.g., cigarettes) available in duty free shops and for use as ships' stores has been eliminated. The excise duty rates for these tobacco products will now correspond to those of the domestic market.

The new rates are published in *Excise Duty Notice EDN35, Changes to Excise Duty Rates on Tobacco Products*, available on the CRA website.

Cigarette inventory tax

Effective at 12:01 a.m. February 12, 2014, the budget also proposed to impose a tax on cigarettes held in inventory by manufacturers, importers, wholesalers and retailers. The inventory tax is \$0.02015 per cigarette (\$4.03 per carton of 200 cigarettes) for existing inventories held by these taxpayers at the end of day February 11, 2014.

To simplify compliance, the inventory tax will not apply to taxpayers holding 30,000 or fewer cigarettes (equivalent to 150 cartons of cigarettes) at the end of day February 11, 2014. As well, the tax will not apply to cigarettes held in a vending machine or for stamped cigarettes destined for delivery by a tobacco licensee to duty free shops or to Customs Bonded Warehouses, or for use as Canadian or foreign ships' stores.

Taxpayers will have until April 30, 2014 to file Form B273, and to pay the tax. Interest will apply after that date on late or deficient payments.

The CRA will mail an information package and Form B273 to taxpayers identified as possibly holding cigarettes in inventory. Contact any CRA regional excise duty office if you have not received the information package or Form B273 by March 31, 2014. All regional excise duty offices are listed in Excise Duty Memorandum EDM1.1.2, *Regional Excise Duty Offices*.

For more detailed information see Excise Duty Notice EDN36, *Cigarette Inventory Tax*, and Excise Duty Notice EDN37, *Questions and Answers on the Cigarette Inventory Tax*.

Indexing of tobacco excise duty rates

The budget also proposed that the excise duty rates on tobacco products be indexed in accordance with the *Consumer Price Index* and automatically adjusted for inflation every five years. An inventory tax on cigarettes will apply at each adjustment date. The first adjustment date will be December 1, 2019.

Standardizing sanctions related to false statements in excise tax returns

Currently, unlike other federal tax legislation, the excise tax legislation for fuels, fuel-inefficient vehicles and automobile air-conditioners (i.e., the non-GST/HST portion of the *Excise Tax Act*) does not contain an administrative monetary penalty for false statements or omissions in excise tax returns.

In addition, the related criminal offence for this purpose does not provide for the possibility of prosecution by indictment. Also, a person who is guilty of having committed the offence is liable only to a fine, as the legislation does not provide for imprisonment unless the taxpayer defaults on the payment of the fine. In contrast, other federal tax legislation, such as the GST/HST portion of the *Excise Tax Act*, does provide for the possibility of indictment and potential prison sentences.

Effective for excise tax returns filed after the day of Royal Assent to the enacting legislation, the budget proposed the following sanctions in respect of false statements or omissions:

- a monetary penalty equal to the greater of \$250 and 25% of the tax avoided;
- on summary conviction, a fine of 50% to 200% of the tax evaded, along with potential imprisonment for a term of not more than two years;
- on conviction on an indictment, a fine of 100% to 200% of the tax evaded, along with potential imprisonment for a term of not more than five years; and
- when the amount of tax evaded is not ascertainable:
 - on summary conviction, a fine of \$1,000 to \$25,000;
 - on conviction on an indictment, a fine of \$2,000 to \$25,000.

Interprovincial movement of beer and spirits – personal use

Currently, the *Importation of Intoxicating Liquors Act* prohibits individuals from taking beer or spirits across provincial boundaries even when it is for their own use.

The budget proposed to remove this federal impediment for individuals moving beer or spirits from one province to another when it is for their personal use. The proposed amendment does not affect the authority of provinces to set limits on personal importations.

Recent amendments for "Schedule F" prescription drugs

Prior to December 19, 2013, paragraph 2(b) of Part I of Schedule VI to the *Excise Tax Act* (the Act) zero-rated a supply of a drug included in Schedule F to the *Food and Drug Regulations* (the FDR), other than a drug or mixture of drugs that may, pursuant to the *Food and Drugs Act* (the FDA) or the FDR be sold to a consumer with neither a prescription nor a written order signed by the Director (as defined in the FDR).

Recent amendments to the FDA gave the federal Minister of Health the power to establish a *Prescription Drug List*. In addition, the FDR were amended to repeal Schedule F and replace it with references to the *Prescription Drug List*. The *Prescription Drug List* effectively replaced Schedule F and it contains all of the drugs and prohibitions that were included in Schedule F. The effective date of the amendments made to the FDR as well as the effective date of the *Prescription Drug List* is December 19, 2013.

The Prescription Drug List is accessible via Health Canada's website at www.hc-sc.gc.ca. Health Canada has published detailed information about the amendments to the FDA and the FDR, which can also be found on its website. Schedule F to the FDR as it read before it was repealed is currently accessible via the Department of Justice Laws website at www.laws-lois.justice.gc.ca.

Accordingly, a consequential amendment was made to paragraph 2(b) of Part I of Schedule VI to the Act to replace the reference to Schedule F with a reference to a drug included in the *Prescription Drug List*. The amendments to both the FDA and to the Act were included in the *Jobs, Growth and Long-term Prosperity Act*, S.C. 2012, Chapter 19, which received Royal Assent on June 29, 2012. However, the timing of the amendment to the Act was aligned to come into force with the effective date of the amendments made to the FDR.

Given the administrative nature of the amendments to the FDR and the Act, there has been no interruption in the tax status of the supply of the drugs in question (previously on Schedule F and now included in the *Prescription Drug List*) both before and after these amendments.

Head leases and subleases of new residential property: who must self-supply and who may be entitled to a rebate?

Persons who purchase newly constructed or substantially renovated housing for the purpose of renting it as a place of residence face different GST/HST consequences depending on the manner in which the housing is rented.

If a person purchases such housing for the purpose of supplying it by way of lease, licence or similar arrangement (lease) to an individual as a place of residence, the person will generally not be a builder of the housing for GST/HST purposes. This is the case even if the person hires a property manager for the purpose of renting the housing as long as the lease for the housing is entered into between the person and the individual or, if between the property manager and the individual, the property manager is acting as agent of the person. The person may be eligible for a partial GST/HST new residential rental property rebate with respect to the tax paid on the purchase of the completed housing.

If a particular person purchases such housing for the purpose of supplying it under a head lease to another person (lessee/sub-lessor) who in turn leases the housing to an individual as a place of residence, the particular person will be a builder for GST/HST purposes and different rules apply. Where such a builder enters into a head lease that is exempt under section 6.1 or 6.11 of Part I of Schedule V to the Act with a lessee/sub-lessor who is acquiring the housing for the purpose of making exempt supplies that include giving possession or use of the housing (e.g., under a sublease that provides for the continuous occupancy of the housing as a place of residence or lodging by an individual for at least one month) and possession of the housing is given to the lessee/sub-lessor, the builder is considered to have made a taxable sale and repurchase (a self-supply) of the housing.

In this case, the builder is considered to have collected the GST/HST on the sale and to have paid the tax on the repurchase at the later of the time construction or substantial renovation of the housing is substantially complete and the time possession of the housing is given to the lessee/sub-lessor. The GST/HST considered collected and paid is based on the fair market value of the housing on the later of those two times. The amount of tax considered to have been collected by the builder must be included in a GST/HST return for the reporting period that includes the date the GST/HST is considered to be collected and paid, and any positive amount of net tax must be remitted.

A builder described above will generally have paid GST/HST on their purchase of the housing. In such a case, the builder may be entitled to claim an input tax credit (if a GST/HST registrant) or, upon self-supply of the housing, a GST/HST rebate (if not a GST/HST registrant) with respect to the amount of tax they paid on the purchase of the housing. Further, where all conditions are met, the builder will be entitled to claim a partial GST/HST new residential rental property rebate in respect of a portion of the tax the builder accounted for on the self-supply of the housing. The lessee/sub-lessor would not be required to account for tax on the self-supply of the housing and would not be entitled to a GST/HST new residential rental property rebate.

For more information on self-supplies of housing, see GST/HST Memorandum 19.2.3, *Residential Real Property – Deemed Supplies*. For more information on the GST/HST new residential rental property rebate, see Guide RC4231, *GST/HST New Residential Rental Property Rebate*.

Taxable sale of real property – recipient reports and pays the GST/HST

Generally, a person who makes a taxable supply by way of sale must collect the GST/HST from the recipient of the supply. However, special rules apply for certain taxable sales of real property.

Specifically, a supplier (whether a registrant or not) who makes a taxable sale of real property is not required to collect the tax from the recipient of the supply if:

- the recipient is registered for the GST/HST. However, this rule does not apply if the supplier makes a taxable sale to an individual of housing or a cemetery plot or place of burial, entombment, or deposit of human remains or ashes (i.e., the supplier must collect the tax from the individual in such cases);
- the supplier is a non-resident of Canada, or is considered a resident only for activities carried on through a permanent establishment in Canada; or
- the supplier and the recipient have made an election using election type 2 on Form GST22, *Real Property – Election to Make Certain Sales Taxable*. This election is used in certain circumstances where both the recipient and the supplier want GST/HST to apply to the sale. In this case they can jointly elect to have the GST/HST apply to that sale.

Note: These special rules only apply to taxable sales of real property. They do not apply, for example, to taxable supplies of real property made by way of lease, licence or similar arrangement.

If the supplier is not required to collect the tax on a taxable sale of real property because one of the special rules applies, the recipient is required to report the tax on a GST/HST return and pay any tax due directly to the Receiver General for Canada.

How does a recipient report and pay the GST/HST?

A recipient who is a GST/HST registrant and will use or supply the real property:

- primarily (generally more than 50%) in its commercial activities, must report the tax due on line 205 (GST/HST due on the acquisition of taxable real property) of its GST/HST return for the reporting period in which the tax became payable and remit any positive amount of net tax owing; or

- less than primarily (generally 50% or less) in its commercial activities, must report the tax due on Form GST60, *GST/HST Return for Acquisition of Real Property*. The recipient must file this return by the end of the month following the month in which the tax became payable and pay the tax due with that return.

A recipient who is not registered for the GST/HST, must report the tax due on Form GST60, *GST/HST Return for Acquisition of Real Property*. The recipient must file this return by the end of the month following the month in which the tax became payable and pay the tax due with that return.

Note: If the recipient pays the tax to the supplier in error (i.e., where the special rules apply), the recipient's obligation to report and pay the tax is not relieved.

Form GST60 is available on our website at www.cra.gc.ca/gsthstpub or by calling 1-800-959-5525. Form GST60 cannot be filed electronically.

For more information and a general discussion of taxable supplies see the chapter on Real Property in the GST/HST Guide RC4022, *General Information for GST/HST Registrants*. For a more detailed comprehensive discussion please see the GST/HST Memoranda Series Chapter 19, *Real Property*.

Contribute your suggestions for online services

To ensure that our online services for businesses meet your needs, send your suggestions online at www.cra.gc.ca/mybusinessaccount. We want to build online services that you value.

How to adjust GST/HST returns for misreported RITCs

If a registrant incorrectly reports recaptured input tax credits (RITCs) in a particular reporting period, and wishes to correct the error, the following two options are available:

- The registrant may send a letter to its local tax centre requesting that its GST/HST return for that reporting period be adjusted to report the correct amount of RITCs.
- The registrant may adjust its GST/HST return electronically using the My Business Account (MyBA) portal, and the "Adjust a return" option. Information on how to register to use MyBA, is available at www.cra.gc.ca/mybusinessaccount

Assessments and reassessments to allow for adjustments to RITCs are subject to the four year time limitation under the Act.

Bare trusts, nominee corporations and joint ventures – Notice284

GST/HST Notice284, *Bare Trusts, Nominee Corporations and Joint Ventures*, published in February 2014, outlines the CRA policy on joint ventures that make an election under section 273 of the *Excise Tax Act*. For further details please consult the notice.

Prescribed rates of interest

The prescribed annual rate of interest in effect from January 1, 2014 to March 31, 2014, on overdue amounts payable to the Minister is 5%. The prescribed annual rate of interest on amounts owed by the Minister (i.e., rebates or refunds) is 1% for corporate taxpayers and 3% for non-corporate taxpayers. These rates are applicable to income tax, excise tax, the softwood lumber products export charge, GST/HST and the air travellers security charge (ATSC) and excise duty on wine, spirits and tobacco.

The prescribed annual rate of interest respecting excise duty on beer, on overdue amounts payable for the indicated period, is set at 3%. Refund interest rates are not applicable for amounts owed by the Minister (i.e., rebates or refunds) for excise duty that is in relation to beer.

PERIOD	GST/HST, Excise Tax, Softwood Lumber Products Export Charge, Excise Duty (wine, spirits, tobacco), Income Tax, ATSC		Excise Duty (beer)
	Corporate Taxpayers	Non-Corporate Taxpayers	ARREARS AND INSTALMENT INTEREST
April 1 to June 30, 2014	1%	3%	5%
January 1 to March 31, 2014	1%	3%	5%
October 1 to December 31, 2013	2%	4%	6%
July 1 to September 30, 2013	1%	3%	5%

Prescribed interest rates for previous years are available on the CRA website at www.cra.gc.ca/interestrates.

What's new in publications

The following is a list of new or revised excise and GST/HST forms and publications.

GST/HST forms

E414	<i>Notice of Objection - Purchaser</i>
GST27	<i>Election or Revocation of an Election to Deem Certain Supplies to be Financial Services for GST/HST Purposes</i>
GST30	<i>Election for Passenger Vehicles or Aircraft to be Deemed to be Used Exclusively in Non-Commercial Activities</i>
GST44	<i>Election Concerning the Acquisition of a Business or Part of a Business</i>
GST111	<i>Financial Institution GST/HST Annual Information Return</i>
GST145	<i>Waiver of the Limitation Period for Assessment</i>
GST146	<i>Notice of Revocation of Waiver</i>
GST159	<i>Notice of Objection (GST/HST)</i>
GST494	<i>Goods and Services Tax/Harmonized Sales Tax (GST/HST) Final Return for Selected Listed Financial Institutions</i>
GST523-1	<i>Non-profit Organizations - Government Funding</i>
GST532	<i>Agreement and Revocation of an Agreement Between Supplier and Constructive Importer</i>
RC79	<i>Deposit Advice</i>
RC366	<i>Direct Deposit Request for Businesses</i>
RC375	<i>Notice of Objection (QST) for Selected Listed Financial Institutions</i>
RC4521	<i>Application for a Financial Institution of a Prescribed Class to be Designated as a Qualifying Institution or Revocation of a Previously Granted Designation</i>
RC4522	<i>Election or Revocation for a Qualifying Institution to Use Particular Methods Specified in an Application Under Subsection 141.02(18)</i>
RC4615	<i>Election or Revocation of the Election to Not Account for GST/HST on Actual Taxable Supplies</i>
RC7215	<i>Elections or Revocation of the Elections to Not Account for GST/HST and QST on Actual Taxable Supplies for Participating Employers that are Selected Listed Financial Institutions</i>
RC7221	<i>Application for a Selected Listed Financial Institution of a Prescribed Class to be Designated as a Qualifying Institution or Revocation of a Previously Granted Designation</i>

RC7222	<i>Election or Revocation for a Qualifying Institution that is a Selected Listed Financial Institution to Use Particular Methods Specified in an Application Under Subsection 141.02(18) of the ETA for GST/HST and QST Purposes</i>
RC7227	<i>Elections or Revocation of the Elections to Deem Certain Supplies to be Financial Services for GST/HST and QST Purposes for Selected Listed Financial Institutions</i>
RC7244	<i>Elections Concerning the Acquisition of a Business or Part of a Business by a Recipient that is a Selected Listed Financial Institution for QST Purposes</i>
RC7245	<i>Waiver of the Limitation Period for Assessment of a Selected Listed Financial Institution</i>
RC7246	<i>Notice of Revocation of Waiver for a Selected Listed Financial Institution</i>
RC7291	<i>GST/HST and QST Annual Information Return for Selected Listed Financial Institutions</i>
RC7294	<i>Goods and Services Tax/Harmonized Sales Tax (GST/HST) and Quebec Sales Tax (QST) Final Return for Selected Listed Financial Institutions</i>

GST/HST guides/pamphlets

RC4034	<i>GST/HST Public Service Bodies' Rebate</i>
RC4409	<i>Keeping Records</i>

GST/HST info sheets

GI-114	<i>Application of GST/HST to Indian Individuals (revised)</i>
GI-117	<i>Information for Off-reserve Businesses that Sell Goods or Provide Services to Indians, Indian Bands, or Band-empowered Entities (revised)</i>

GST/HST policy statements

P-186	<i>Meaning of the term "Public College" (revised)</i>
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GST/HST memoranda

I-4	<i>Excise and GST/HST Rulings and Interpretations Service (revised)</i>
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GST/HST notices

NOTICE284	<i>Bare Trusts, Nominee Corporations and Joint Ventures</i>
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GST/HST technical information bulletins

B-108	<i>Changes to GST/HST Rules for Pension Plans – New Section 157 and Amendments to Section 172.1</i>
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Excise forms

B256	<i>Excise Act, 2001 – Application for Refund/Deduction</i>
B264	<i>Excise Duty Return – Special Excise Warehouse Licensee</i>
B271	<i>Excise Duty Return – Tobacco Dealer</i>
B273	<i>Excise Return – Cigarette Inventory Tax</i>
E60	<i>Tobacco Products Export Form</i>
E413	<i>Notice of Objection (Excise Tax Act)</i>
E681	<i>Excise Act 2001 – Refund Claim on Exported Tobacco Products</i>

Excise duty memoranda

EDM1-1-2	<i>Regional Excise Duty Offices (revised)</i>
EDM4-1-1	<i>Producers and Packagers of Wine (revised)</i>

Excise duty notices

EDBN19	<i>K50B Filing and Payment Schedules for Brewers (2014-2015)</i>
EDN35	<i>Changes to Excise Duty Rates on Tobacco Products</i>
EDN36	<i>Cigarette Inventory Tax</i>
EDN37	<i>Questions and Answers on the Cigarette Inventory Tax</i>

Softwood lumber products export charge forms

B253-1	<i>Softwood Lumber Products Export Charge - Independent remanufacturer registration supplement</i>
B278	<i>Softwood Lumber Products Export Charge - Application for Refund</i>
B278-1	<i>Softwood Lumber Products Export Charge - Supplementary Information - Third Country Adjustment</i>
B279	<i>Softwood Lumber Products Surge Charge Return</i>

Softwood lumber products export charge notices

SWLN46	<i>Termination of the Additional Export Charge for the Ontario and Quebec Regions</i>
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All GST/HST, Excise Duty, and Excise Taxes and Special Levies publications can be found on the CRA website at www.cra.gc.ca/gsthsttech, at www.cra.gc.ca/etsl, and at www.cra.gc.ca/exciseduty.

To receive email notification as soon as a document is published on the CRA website, go to the electronic mailing lists page at www.cra.gc.ca/lists and subscribe to the RSS feed for all new CRA publications and forms, or subscribe to any number of mailing lists for different types of publications.

Enquiries

For online access to your GST/HST, softwood lumber products export charge, air travellers security charge, excise tax and duty accounts, (such as viewing up-to-date account balances and transactions, transferring payments, and more) go to:

- www.cra.gc.ca/representatives, if you are an authorized representative or employee; or
- www.cra.gc.ca/mybusinessaccount, if you are the business owner.

For technical help while using our online services:

- business accounts, call 1-877-322-7849
- teletypewriter users, call 1-888-768-0951
- calls outside of Canada and the United States, call collect 1-613-940-8528

Please have the screen number (bottom right); and if applicable, the error number and message received on hand when calling.

For specific account-related enquiries, use the online "Enquiries service" on My Business Account. Select the "Submit an enquiry" option to send us your question and receive a response electronically.

For general information and to make enquiries regarding your account (except for softwood lumber products export charge accounts), call Business Enquiries at 1-800-959-5525.

For enquiries regarding your softwood lumber products export charge account, call 1-800-935-0313.

To make enquiries regarding the status of specific GST/HST domestic rebate claims, call Business Enquiries at 1-800-959-5525.

For GST/HST technical enquiries call GST/HST Rulings at 1-800-959-8287.

Forms and publications

To access forms and publications online go to www.cra.gc.ca/forms.

To order forms and publications by telephone call 1-800-959-5525.

Are you a GST/HST registrant located in Quebec?

To make an enquiry or obtain information on the GST/HST, contact Revenu Québec at 1-800-567-4692 or visit their website at www.revenuquebec.ca.

Are you a selected listed financial institution (including one located in Quebec)?

For GST/HST account-related enquiries or for registration for a CRA business number, call Business Enquiries at 1-800-959-5525. For GST/HST technical enquiries, call GST/HST Rulings at 1-855-666-5166.

For QST account-related enquiries for reporting periods ending on or after January 1, 2013 or for registration for a CRA business number effective on or after January 1, 2013, call Business Enquiries at 1-800-959-5525. For technical enquiries related to the amended QST, call GST/HST Rulings at 1-855-666-5166.

The *Excise and GST/HST News* is published quarterly and highlights recent developments in the administration of the goods and services tax (GST) and harmonized sales tax (HST), First Nations goods and services tax (FNGST) and First Nations tax (FNT), softwood lumber products export charge, air travellers security charge (ATSC) as well as excise taxes and duties. If you would like to receive a link to each new edition of the *Excise and GST/HST News* as it is published, subscribe to the electronic mailing list.

This publication is provided for information purposes only and does not replace the law, either enacted or proposed. Please note that any commentary in this newsletter regarding proposed measures should not be taken as a statement by the CRA that such measures will in fact be enacted into the law in their current form. Comments or suggestions about the newsletter should be sent to the Editor, *Excise and GST/HST News*, Legislative Policy and Regulatory Affairs Branch, CRA, Ottawa, ON K1A 0L5.